

# Montana Economy at a Glance Quarterly Edition

Robert C. Marvin, Editor

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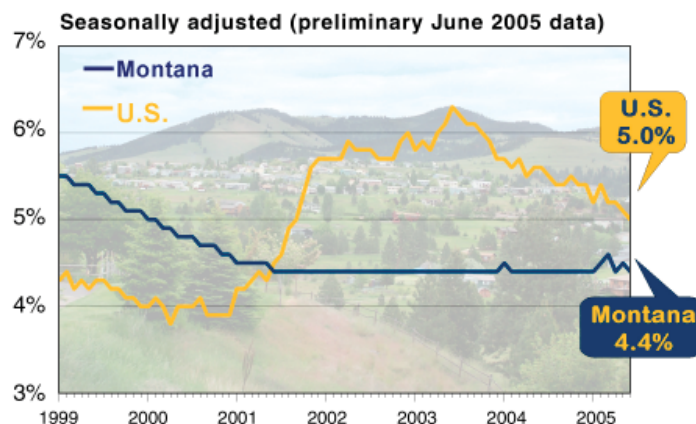
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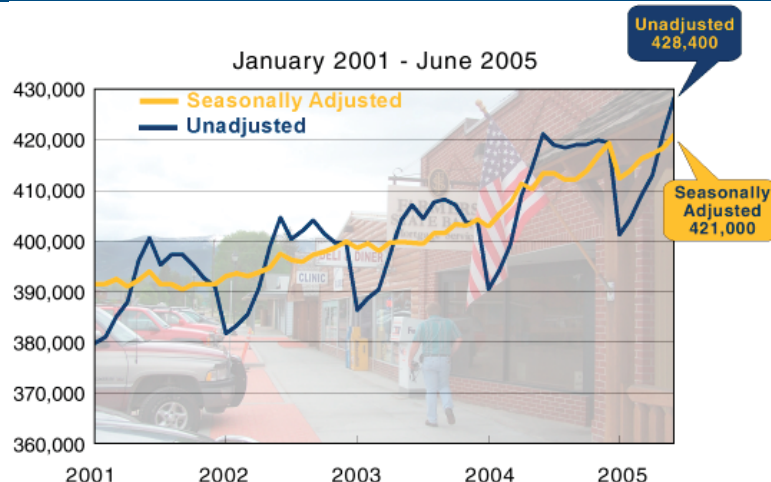
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## Unemployment Rate



Montana's seasonally-adjusted unemployment rate dropped to 4.4% in June 2005 from 4.5% in May 2005. The U.S. rate also decreased slightly, going from 5.1% to 5.0% over the month for June 2005.

## Nonfarm Employment



Montana's seasonally-adjusted nonagricultural payroll employment was up 2,500 jobs (0.6%) over-the-month for June. The largest gains were in Professional & Business Services, which was up by 700 jobs (2.1%); Education & Health Services, up 600 jobs (1.1%); and Financial Activities, up 500 jobs (2.3%).

## UNEMPLOYMENT BY COUNTY

	June 2005*	June 2004		June 2005*	June 2004		June 2005*	June 2004
UNITED STATES	5.2%	5.8%	Glacier	7.5%	7.7%	Powder River	3.8%	3.5%
MONTANA	4.4%	4.4%	Golden Valley	4.4%	4.9%	Powell	6.8%	6.3%
Beaverhead	3.7%	3.7%	Granite	5.6%	5.2%	Prairie	4.0%	4.0%
Big Horn	9.4%	8.4%	Hill	5.1%	5.0%	Ravalli	4.6%	4.7%
Blaine	5.3%	4.8%	Jefferson	4.2%	4.4%	Richland	3.9%	3.9%
Broadwater	4.0%	3.8%	Judith Basin	4.6%	4.0%	Roosevelt	7.5%	7.1%
Carbon	3.9%	4.2%	Lake	5.4%	5.3%	Rosebud	5.7%	5.2%
Carter	3.7%	3.5%	Lewis & Clark	4.4%	4.0%	Sanders	2.9%	5.9%
Cascade	4.6%	4.4%	Liberty	5.1%	4.2%	Sheridan	3.9%	3.7%
Chouteau	4.0%	3.4%	Lincoln	7.7%	8.8%	Silver Bow	5.0%	5.1%
Custer	4.3%	4.3%	McCone	3.7%	2.7%	Stillwater	3.8%	4.0%
Daniels	3.7%	4.1%	Madison	3.2%	3.4%	Sweet Grass	2.3%	2.4%
Dawson	4.2%	4.4%	Meagher	4.1%	5.4%	Teton	3.9%	3.9%
Deer Lodge	6.8%	6.1%	Mineral	4.6%	5.5%	Toole	3.9%	3.5%
Fallon	2.9%	3.0%	Missoula	4.0%	4.1%	Treasure	4.3%	4.5%
Fergus	4.7%	4.6%	Musselshell	5.2%	5.4%	Valley	4.4%	4.3%
Flathead	4.4%	4.7%	Park	3.7%	3.8%	Wheatland	3.6%	4.0%
Gallatin	3.2%	3.4%	Petroleum	4.2%	4.5%	Wibaux	3.3%	3.2%
Garfield	3.2%	3.1%	Phillips	4.7%	4.3%	Yellowstone	3.9%	3.9%
			Pondera	5.7%	5.9%			

\* 2005 rate preliminary

## UNEMPLOYMENT BY STATISTICAL AREA

### Metropolitan Statistical Areas

	June 2005*	June 2004
Billings	3.9%	3.9%
Great Falls	4.6%	4.4%
Missoula	4.0%	4.1%

### Micropolitan Statistical Areas

	June 2005*	June 2004
Bozeman	3.2%	3.4%
Butte-Silver Bow	5.0%	5.1%
Havre	5.1%	5.0%
Helena	4.3%	4.1%
Kalispell	4.4%	4.7%

\* 2005 rate preliminary

## EMPLOYMENT BY INDUSTRY

Over-the-year change - Not seasonally adjusted

Industry Employment (in thousands)	June 2005	June 2004	Net Change	Percent Change
<b>Total Non-Agricultural</b>	<b>428.4</b>	<b>421.2</b>	<b>7.2</b>	<b>1.7%</b>
Natural Resources & Mining	8.0	7.3	0.7	9.6%
Construction	27.3	26.7	0.6	2.2%
Manufacturing	19.5	19.3	0.2	1.0%
Trade, Transportation, Utilities	88.3	87.5	0.8	0.9%
Information*	8.0	7.9	0.1	1.3%
Financial Activities	21.9	21.4	0.5	2.3%
Professional & Business Services	35.6	34.6	1.0	2.9%
Education & Health Services	55.2	53.9	1.3	2.4%
Leisure & Hospitality	59.2	58.0	1.2	2.1%
Other Services*	17.2	16.9	0.3	1.8%
<b>Total Government</b>	<b>88.2</b>	<b>87.7</b>	<b>0.5</b>	<b>0.6%</b>

# Montana's Agricultural Economy at a Glance

By Tyler Turner, Economist

Frequent readers of Montana Economy at a Glance may have noticed an odd fact about our publication. In every issue, we include a brief report on employment levels for the state's major industries, and this section is known as the "Nonfarm Employment Series." If our goal is to provide Montanans with a timely and accurate picture of the state's overall economy, how could we leave out something as important as agriculture?

The simple truth is that agriculture's exclusion from our employment numbers is not so much a question of the industry's importance as it is one of methodology. Our employment numbers come primarily from unemployment insurance records, and since many farm workers are not subject to unemployment insurance, accurate numbers are difficult to produce for this industry.

Nevertheless, information on the state's agricultural economy is important to many Montanans, which is why the Montana Economy at a Glance will be highlighting the state's agricultural sector in a series of articles, beginning with this one. The aim of this article is to provide an introduction and general overview of Montana's agriculture industry as a whole.

## How Important is Agriculture to Montana's Economy?

Montana is known nationally as a rural state, which leads many people to believe that agriculture comprises a large portion of its economy. In reality, agriculture accounts for only 3.9% of the Gross State Product (GSP), placing it eleventh out of twenty industries (see Table 1). While this may seem low, when compared to other traditional agricultural states, such as California, Texas, Florida, or Illinois, Montana measures up quite well (see Table 2).

Thus, though agriculture contributes a relatively small portion of GSP, it plays a much larger role in the economy of Montana, relative to other traditional agricultural states.

**Table 1: Montana GSP by Industry**  
2003

	Million Dollars	%
<b>Total Gross State Product</b>	25,584	100.0
Government	4,260	16.7
Real estate, rental, and leasing	2,939	11.5
Health care and social assistance	2,336	9.1
Retail trade	2,082	8.1
Construction	1,480	5.8
Wholesale trade	1,401	5.5
Manufacturing	1,307	5.1
Finance and insurance	1,303	5.1
Professional and technical services	1,222	4.8
Transportation and warehousing, excluding Postal Service	1,099	4.3
<b>Agriculture, forestry, fishing, and hunting</b>	992	3.9
Utilities	953	3.7
Accommodation and food services	862	3.4
Mining	777	3.0
Information	768	3.0
Other services, except government	677	2.6
Administrative and waste services	499	2.0
Arts, entertainment, and recreation	358	1.4
Management of companies and enterprises	173	0.7
Educational services	94	0.4

Source: Bureau of Economic Analysis

## Cattle

Two major commodities dominate the state's agricultural production. The first of these is cattle. Montana is one of the leading cattle states, with an average herd size of 2,400,000 head over the last three years. This places the state twelfth nationally. However, these numbers reflect all cattle in the state, including feeder/fed and dairy cattle. Montana does not have a strong feedlot or dairy industry, so when these cattle are removed from the equation, Montana improves to seventh overall. In 2003, receipts from cattle sales exceeded \$950 million, or half of the total agricultural receipts for the state.<sup>1</sup>

## Wheat

Wheat is the other major commodity produced within the state. Overall, Montana ranks third in acres harvested and bushels produced, behind Kansas and North Dakota, for 2004. Montana farmers received one of the highest average prices for their wheat during this period, at \$3.55/bushel.<sup>2</sup> These relatively high prices are likely due to the mixture of varieties grown throughout the state.

Production encompasses two main varieties, hard red winter and hard red spring wheat, though farmers also grow durum and hard white wheat.<sup>3</sup> The wide range of varieties produced in the state makes it one of the

**Table 2: Top Ten Agricultural States and Montana: Total Agricultural GSP and % of GSP**

2003

State	Total Agricultural GSP	Rank	Rank	% of GSP	State
	Million Dollars			%	
California	20,835	1	3	6.4	Nebraska
Texas	7,986	2	5	3.9	<b>Montana</b>
Florida	5,406	3	6	3.4	Iowa
Washington	4,829	4	8	2.8	Oregon
Nebraska	4,157	5	13	2.0	Washington
Georgia	3,631	6	16	1.5	Wisconsin
Iowa	3,519	7	20	1.4	California
Oregon	3,394	8	23	1.1	Georgia
Illinois	3,182	9	26	1.0	Florida
Wisconsin	3,012	10	27	1.0	Texas
<b>Montana</b>	992	35	35	0.6	Illinois

Source: Bureau of Economic Analysis



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most diverse wheat regions in the nation, and provides farmers in certain areas of Montana access to multiple opportunities within the wheat market. Receipts for wheat were close to \$450 million, which accounts for approximately one quarter of the state's total agricultural receipts in 2003.<sup>1</sup>

### Other Commodities

Other major crops grown within the state include hay/forage, barley, sugar beets, potatoes, and oats. Montana also produces hogs, sheep, dairy products, and eggs. Though many of these commodities individually represent small portions of the overall agricultural sector, they produce noticeable contributions to the state when combined. Receipts from these crops totaled close to \$420 million, or the remaining quarter of total agricultural receipts.<sup>1</sup>

### Exports

Table 3 details exports for Montana's agricultural commodities over the last five years. Overall, the state averaged approximately \$350 million in agricultural exports, with a gain of close to \$90 million during this time period. Wheat accounted for both the largest portion of the state's agricultural exports, at over 80% of the total, and nearly all of the gains in export value, with an increase of close to \$100 million over the time period. Feed grains, fodders, and vegetables represent the next largest export classes. While important as cash commodities, the export values for these three crop classes pale in comparison to wheat, accounting for less than 15% of total state exports.<sup>1</sup>

Perhaps surprising to some is the lack of export value gained from live animals, and specifically cattle. The total exports for live animals over the last five years are relatively small, and almost non-existent for 2003 and 2004. Given the large size of the Montana herd and that half of all agricultural receipts are cattle related, it seems logical to assume that Montana would be a large exporter of cattle/beef. However, there are several characteristics of the industry which contribute to the

lower than expected export numbers. As previously mentioned, Montana does not have a strong cattle feeding industry. The feedlots, where a majority of the nation's beef originates, are located in southern plains states such as Nebraska, Kansas, and Texas. Many of the dollars Montana producers receive for their cattle are taken from sales made to these feeding facilities and thus cannot be considered export dollars.<sup>1</sup>

The structure of the Montana cattle industry does not account for the substantial loss of export dollars from 2003 and 2004 however. Exports in 2003 represented half the total value from 2000, while 2004 showed a reduction of over 80%. Although many factors may have played a role in this decline, it is almost certain that the 2003 Canadian Bovine Spongiform Encephalopathy (BSE) outbreak and subsequent border closing was responsible for a majority of the loss. The overall impact this has had on the Montana cattle industry has yet to be seen. While the BSE outbreak has led to higher prices for producers, the loss of export markets may have a long-lasting effect on the industry.<sup>1</sup>

This article is intended as a short overview of Montana's agricultural sector and the beginning of the Department of Labor and Industry's further examination of economic issues associated with this industry. Future articles will provide a narrower look at the industry, both on a commodity and work force participant basis, and will continue to enhance the reader's general knowledge of the sector as a whole.

<sup>1</sup> United States Department of Agriculture, Economic Research Service. *State Fact Sheets*. Available at [www.ers.usda.gov/StateFacts/](http://www.ers.usda.gov/StateFacts/).

<sup>2</sup> United States Department of Agriculture, National Agricultural Statistics Service. *Quick Stats*. Available at [www.nass.usda.gov/QuickStats/](http://www.nass.usda.gov/QuickStats/).

<sup>3</sup> Kansas Wheat Commission. Available at [www.kswheat.com/](http://www.kswheat.com/).

**Table 3: Montana Agricultural Exports: Estimated Value by Commodity Group  
2000-2004**

	Wheat & Products	Feed Grains & Products	Vegetables & Preps	Live Animals and Meat <sup>1</sup>	Hides & Skins	Poultry & Products	Fats, Oils, & Greases	Dairy Products	Feeds & Fodders	Seeds	Other <sup>2</sup>	Total
<i>Million Dollars</i>												
2000	261.3	26.1	13.1	12.0	0.8	0.3	0.2	2.0	25.7	8.1	2.8	352.5
2001	232.3	22.6	12.6	13.4	1.2	0.3	0.2	2.3	19.5	9.9	4.5	318.8
2002	197.9	14.6	14.0	12.9	0.9	0.2	0.2	2.1	22.9	10.9	5.0	281.6
2003	310.2	20.4	11.0	6.7	0.9	0.3	0.3	2.1	29.2	8.6	3.3	392.9
2004	355.0	14.1	15.8	2.3	0.8	0.3	0.3	2.7	24.6	14.6	5.5	436.0

<sup>1</sup> Excluding Poultry

<sup>2</sup> Other = Sugar and tropical products, minor oilseeds, essential oils, beverages other than juice, nursery and greenhouse, wine, and misc. vegetable products.

Source: United States Department of Agriculture, Economic Research Service

## The Quarterly Census of Employment and Wages

By Mike Peery, Research & Analysis Manager

Last quarter we introduced you to one of the most comprehensive data series in the Research & Analysis Bureau, the Quarterly Census of Employment & Wages Program, or QCEW for short. To review, this data series compiles employment and wage data from all employers covered under Montana unemployment insurance. This data is compiled on a quarterly and annual basis by county, industry, and ownership.

We recently completed the compilation of 4<sup>th</sup> quarter 2004 data, which, in turn, allowed us to compute the 2004 annual averages for the state. Let's take a look at some of the industry sectors and how their annual average employment changed from 2003 to 2004.

Overall, employment in Montana grew by 10,000 payroll jobs in 2004. This is an increase of 2.5% for the state. The private sector alone grew by almost 9,700 jobs, or just slightly over 3%. Government as a whole only grew about 300 jobs, which is an increase of less than one half of one percent.

The mining industry is still showing strong growth on an annual average basis of almost 23% by adding over 1,100 jobs, and reaching an average employment level of 6,094 in 2004. Construction also remains strong in Montana, showing average annual employment of 24,840 in 2004. This is up over 1,600 jobs from the previous year, an increase of over 7%. Real Estate, Rental & Leasing also showed strong growth over the year, adding 344 jobs for an increase of over 6.5% in 2004.

The next four major industry sectors all showed employment growth of over 3% from 2003 to 2004. They are Arts, Entertainment and Recreation, up 3.5%, Wholesale Trade, up 3.4%, Administrative and Waste Services, up 3.2% and finally Finance and Insurance, up 3.1%. These 4 sectors make up over 17% of Montana's total private employment.

Retail Trade, which employs the most of any of the private industry sectors in Montana, showed a modest increase of 2.3%. This gain raises the employment level to almost 55,000, which is slightly less than 17% of private employment in the state.

**The mining industry is still showing strong growth on an annual average basis of almost twenty-three percent.**

The three sectors showing the lowest growth were Manufacturing, Transportation, and Educational Services, all showing less than 1% increases in employment from 2003 to 2004.

Only one out of the twenty major industry sectors showed a decrease over the year. This was the Management of Companies and Enterprises with over a 19% decrease. This sector includes corporate, district and regional offices as well as holding companies. Although the percentage seems high, this equates to a loss of only 244 jobs over the year in a sector that accounts for a mere 0.3% of the total private employment in the state.

In our next expanded issue of the Economy at a Glance we will look at the first quarter of 2005 in the QCEW program and what kind of growth Montana is looking at in 2005.

(For the latest QCEW table, turn to the back page.)

### Introducing R&A's Newest Economist

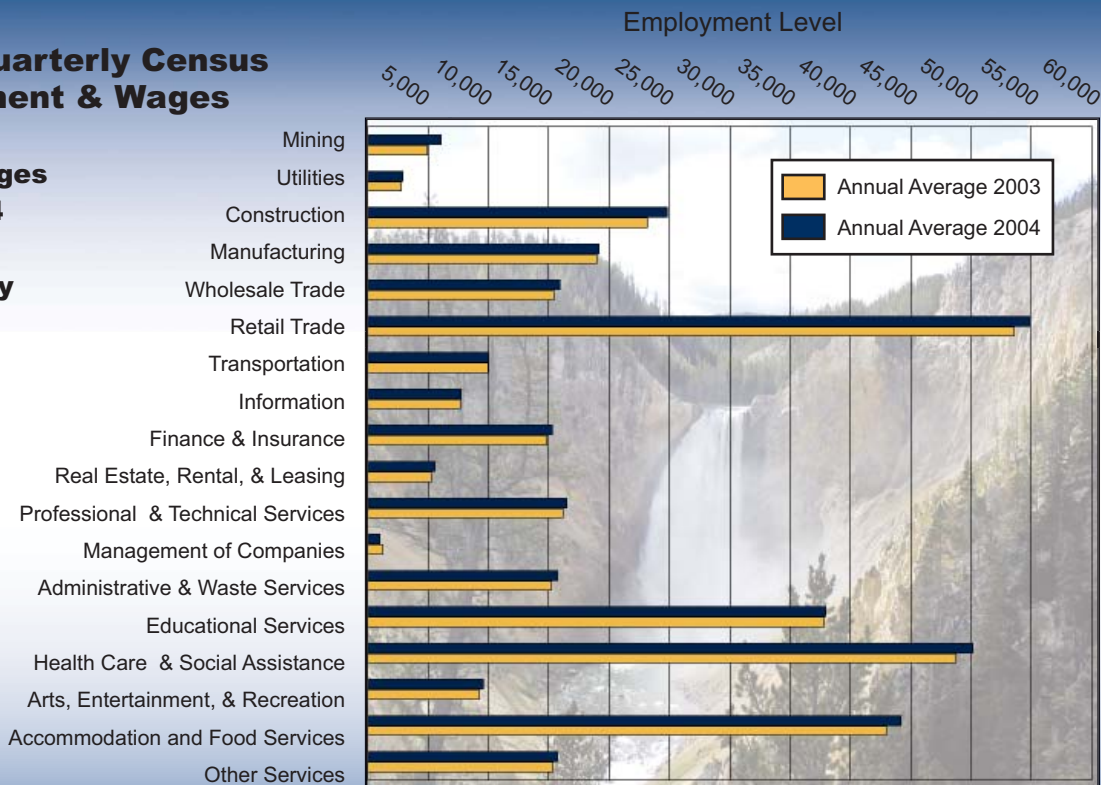
The Research and Analysis Bureau is pleased to welcome our newest staff member, Tyler Turner. Tyler is our new economist in the Local Area Unemployment Statistics (LAUS) program. He will be in charge of R&A's monthly press release, as well as working on various reports and projects, including a series of articles on Montana's agricultural sector, the first of which appears in this issue of Economy at a Glance. Originally from Kansas, Tyler earned his MA in Agricultural Economics from Kansas State University, the same institution where he completed his undergraduate studies in Agricultural Economics/Animal Science & Industry. Welcome aboard Tyler!

# MONTANA ECONOMY AT A GLANCE - JUNE 2005

## Montana Quarterly Census of Employment & Wages

### Annual Averages 2003 vs. 2004

### Major Industry Sectors



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